

## Message Text

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ACTION XMB-04

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FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 6737

UNCLAS TUNIS 3311

DEPT PASS EXIMBANK AND COMMERCE/CAGNE

E.O. 11652: N/A

TAGS: EFIN, OTRA, TS, BENC, BTIO

SUBJECT: VISIT OF EXIMBANK OFFICIALS TO TUNISIA

REF: TUNIS 2612

1. (SUMMARY) EXIMBANK VICE-PRESIDENTS CLAYTON NORRIS AND DAVID PEACOCK AND LOAN OFFICER LOUIS GUADAGNOLI DEPARTED TUNIS MAY 11 AFTER TWO DAYS OF INTENSIVE CONSULTATIONS WITH HIGH-LEVEL GOT OFFICIALS AND OFFICERS OF STATE ENTERPRISES. EMBASSY AND TEAM AGREED VISIT WAS USEFUL IN BETTER ACQUAINTING GOT OFFICIALS WITH AVAILABLE EXIMBANK CREDIT AND INSURANCE FACILITIES AND HIGHLIGHTING FOR EXIMBANK MOST PROMISING A REALITY OPERATIONS IN TUNISIA DURING 1977-81 FIVE-YEAR PLAN. EXIMBANK OFFICIALS FOUND TUNISIA TO BE COUNTRY WITH GOOD POTENTIAL FOR INCREASED ACTIVITIES AND, APART FROM FURTHER FINANCING FOR AIRCRAFT ACQUISITION BY TUNIS AIR, SINGLED OUT MISKAR OFFSHORE GAS PROJECT AND ROAD BUILDING EQUIPMENT PURCHASES BY MINISTRY OF EQUIPMENT AS AMONG BEST POSSIBILITIES. (END SUMMARY.)

2. PROGRAM FOR EXIMBANK VISITORS STARTED SUNDAY, MAY 8 WITH INFORMAL BRIEFING BY CHARGE D'AFFAIRES KING, E/C OFFICERS MONTGOMERY AND CASSE, AND REGIONAL U.S. BANKING REPRESENTATIVES (CITIBANK, CHASE MANHATTAN AND BANKERS TRUST). OFFICIAL PROGRAM GOT UNDERWAY MAY 9 WITH EMBASSY BRIEFING AND INTERVIEWS WITH PRESIDENT. UNCLASSIFIED

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DENT SADOUK BAHROUN OF STEG (STATE ELECTRIC AND GAS COMPANY) AND MINISTRY OF PLAN DIRECTOR OF FOREIGN COOPERATION ZEIN EL ABIDINE MESTIRI. PROGRAM CONTINUED MAY 10 WITH INTERVIEW WITH MINISTER OF EQUIPMENT LASSAAD BEN OSMAN AND LATER WITH DIRECTOR GENERAL OF AGRICULTOR, ABDELHAMID REGUIGUI, BOTH IN REGARD MINISTRY'S PLANNED \$12 MILLION PURCHASE OF ROAD CONSTRUCTION EQUIPMENT. ALSO INTERVIEWS WITH FINANCE MINISTRY SECRETARY GENERAL RACHID

SFAR, WITH TUNIS AIR FINANCIAL DIRECTOR YOUSSEF AMMAR, WITH DIRECTOR OF TRANSPORT, HEDI ZGHAL AND EARLY EVENING INTERVIEW WITH HEDI TOUMI, DIRECTOR OF EXTERNAL DEPARTMENT OF CENTRAL BANK.

3. STARTING WITH STEG INTERVIEW, MUCH DISCUSSION FOCUSED ON \$600 MILLION MISKAR OFFSHORE GAS PROJECT WHICH EXIM VP NORRIS NOTED WAS PARTICULARLY SUITABLE FOR EXIM FINANCING BOTH IN TERMS OF SCALE AND HIGHLY COMPETITIVE NATURE OF AMERICAN TECHNOLOGY. IN RESPONSE TO QUESTIONS FROM BAHROUN, MESTIRI AND SFAR, NORRIS SUGGESTED GOT CONSIDER REQUESTING PRELIMINARY COMMITMENTS FROM EXIMBANK WHEN IT CALLS FOR INTERNATIONAL TENDERS. (BAHROUN SAID MAIN EQUIPMENT TENDERS EXPECTED AROUND JAN 1, 1978, BUT THESE TO BE PRECEDED WITHIN NEXT TWO MONTHS BY ENGINEERING TENDER FOR DRILLING PLATFORM AND PRESELECTION CONSULTATIONS ON VARIOUS PHASES OF PROJECT ENGINEERING. SEE SEPTAL.)

4. QUESTION OF FINANCING FOR ROAD EQUIPMENT RAISED BY MINISTER BEN OSMAN WAS PURSUED WITH AGRICULTOR, WHICH, AS AGENT FOR INTERNATIONAL HARVESTOR AND GALION, HOPES TO PUT TOGETHER PACKAGE FOR ENTIRE TENDER. PEACOCK AND NORRIS NOTED THAT IF EXPECTED U.S. PROCUREMENT EXCEEDS \$5 MILLION, THERE IS POSSIBILITY FOR DIRECT FINANCING BY EXIMBANK.

5. INTERVIEW WITH MINISTRY OF TRANSPORT HIGHLIGHTED BROAD RANGE OF EQUIPMENT REQUIREMENTS FOR STATE RAILROADS, SHIPPING COMPANY, REGIONAL BUS COMPANIES AND TUNIS AIR WHICH WILL BE PROCURED OVER NEXT FIVE YEARS. EQUIPMENT FOR TUNIS RAPID TRANSIT SYSTEM (\$70 MILLION) WAS CITED AS SPECIFIC POSSIBILITY. IN MOST CASES, HOW-

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EVER, GOT SEEKING LONGER TERM AND LOWER INTEREST RATE FINANCING THAN EXIM CAN MAKE AVAILABLE. (SEE TUNIS 3296 REGARDING TUNIS AIR PLANS FOR AIRCRAFT PROCUREMENT.)

6. CONVERSATIONS WITH GOT OFFICIALS BROUGHT OUT THAT, DESPITE THEIR FINANCIAL SOPHISTICATION, FEW WERE FULLY FAMILIAR WITH EXIMBANK FACILITIES AND PROCEDURES. TEAM PROVIDED SFAR WITH COPY OF BANK'S NEWLY REVISED POLICY AND PROGRAM STATEMENT AND, AT LATTER'S REQUEST, PROMISED FRENCH TEXT FOR USE BY CENTRAL BANK AND MINISTRIES OF PLAN, FINANCE AND NATIONAL ECONOMY.

7. EXIM VISITORS STRESSED: (A) ADVANTAGES OF CONSOLIDATING PROCUREMENT PLANS TO QUALIFY FOR DIRECT LOANS, (B) ADVANTAGES AND PROCEDURES RELATING TO OBTAINING PRELIMINARY COMMITMENTS AT EARLY STAGE IN PROCUREMENT, (C) EXIM DISPOSITION TO MAKE EXTRA EFFORT TO FACILITATE BUILD-UP IN TUNISIAN OPERATIONS, BUT (D) INHERENT LIMITATIONS ON TERMS THAT CAN BE OFFERED BY EXIMBANK, WHICH IS A SELF-SUSTAINING FINANCIAL INSTITUTION.

8. GOT OFFICIALS INTERVIEWED REPEATEDLY STRESSED: (A) DESIRE THAT USG DO ALL IT CAN TO ENCOURAGE US FIRMS TO BID (AND BID COMPETITIVELY) ON PROJECTS SUCH AS MISKAR AND CEMENT PLANTS, SO THAT EXIM CAN PLAY SIGNIFICANT FINANCIAL ROLE UNDER NEW FIVE-YEAR PLAN, (B) NEED FOR AMERICAN SUPPLIERS ALSO TO OFFER, THROUGH EXIM OR OTHER FACILITIES, COMPETITIVE FINANCIAL TERMS IF THEY ARE TO OBTAIN SHARE OF TUNISIAN PRUCHASES JUSTIFIED BY QUALITY/TECHNOLOGY OF U.S. GOODS AND SERVICES, (C) CREDIT TERMS (LONGEST POSSIBLE REPAYMENT PERIOD) AS PRIMARY CONSIDERATION WHEN GOT CONSIDERS COMPETITIVE ASPECTS OF FINANCING; AND, (D) THAT CENTRAL BANK, IN CONJUNCTION WITH MINISTRIES OF PLAN AND FINANCE--AND TO LESSER EXTENT NATIONAL ECONOMY, WILL TIGHTLY ORCHESTRATE AND CONTROL ACCESS OF STATE ENTERPRISES TO INTERNATIONAL FINANCIAL MARKETS.

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## Message Attributes

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